

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2008**

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

JUNE 30, 2008

TABLE OF CONTENTS

		Page No.
Officials		1
Independent Auditor's Report		2-3
Required Supplementary Information - Part I:		
Management's Discussion and Analysis		4-12
Basic Financial Statements:	Exhibit	
Government-wide Financial Statements:		
Statement of Net Assets	A	13-14
Statement of Activities	B	15-17
Governmental Fund Financial Statements:		
Balance Sheet	C	18
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	19
Statement of Revenues, Expenditures and Changes in Fund Balances	E	20-21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	22
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	23
Statement of Revenues, Expenses and Changes in Net Assets	H	24
Statement of Cash Flows	I	25
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	26
Statement of Changes in Fiduciary Net Assets	K	27
Notes to Financial Statements		28-40
Required Supplementary Information - Part II:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		41
Notes to Required Supplementary Information - Budgetary Reporting		42
Other Supplementary Information:	Schedule	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	43
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	44
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	45-46
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	4	47
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	5	48

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

TABLE OF CONTENTS (Continued)

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49-50
Schedule of Findings	51-53

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2007 Election)		
M.J. Smith	President	2007
Larry Friedlein	Vice President	2009
Dan Berns	Board Member	2007
Greg Glawe	Board Member	2008
Paul Kregel	Board Member	2008
Darla Zittergruen	Board Member	2008
Kathy Ihde	Board Member	2009

(After September 2007 Election)		
Paul Kregel	President	2008
Larry Friedlein	Vice President	2009
Dan Berns	Board Member	2011
Darla Zittergruen	Board Member	2008
Kathy Ihde	Board Member	2009
Greg Glawe	Board Member	2008
JoLynn Moore	Board Member	2011

School Officials

Allan Nelson	Superintendent	2008
Mary Seifert	Board Secretary	2008
David Schlueter	Business Manager/Treasurer	2008
Stephan Saunders, Gruhn Law Firm	Attorney	

O'CONNOR, BROOKS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

G.L. HARDIN, CPA
W.H. LEGLAR, CPA
S.J. DOMEYER, CPA
M.A. KUEPERS, CPA
J.W. HANNAN, CPA
M.P. RUGGEBERG, CPA
P.C. MCCARTHY, CPA
E.A. SCHILLING, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Clayton Ridge Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Clayton Ridge Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Clayton Ridge Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2009, on our consideration of the Clayton Ridge Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

1415 LOCUST STREET
P.O. BOX 743
DUBUQUE, IOWA 52004-0743
PHONE: (563) 582-7224
FAX (563) 582-6118

MEMBERS OF:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
IOWA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

e-mail: oconnorbrooks.com

901 SPRING STREET
P.O. BOX 294
GALENA, ILLINOIS 61036
(815) 777-1880
FAX (815) 777-3092

Management's Discussion and Analysis (pages 4 through 12) and the budgetary comparison information (pages 41 through 42) are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clayton Ridge Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks, & Co. P.C.

Dubuque, Iowa
February 16, 2009

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

This section of the Clayton Ridge Community School District's Comprehensive Annual Financial Report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2008. The analysis focuses on District financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

2008 Financial Highlights

- A resolution was adopted asking the voters to approve a \$.67 PPEL for ten years beginning in fiscal 2009. The voters approved this levy at the September 15, 2006 election.
- A resolution was adopted to participate in a capital campaign to fund the new Stephen D Shannon Athletic Complex. As of June 30, 2008, the District has received \$459,073 in pledges and contributions, and a matching of funds from the Local Option Sales Tax fund of \$250,000.
- General fund revenues increased from \$6,064,264 in fiscal 2007 to \$6,231,167 in fiscal 2008 while General fund expenditures increased from \$5,955,456 in fiscal 2007 to \$6,283,135 in fiscal 2008. The District's General fund balance decreased from \$2,000,077 on June 30, 2007 to \$1,951,080 on June 30, 2008.
- General fund revenues increased \$166,903. The increase is due to tuition and open enrollment fee increases and additional funding received from the State of Iowa.
- General fund expenditures increased \$327,679. The increases are due to additional payroll expenditures for educator quality and special education and rising fuel costs.
- Local option sales tax collections in Clayton County began on January 1, 2004. Total sales tax revenues for fiscal 2008 were \$384,080.
- The Board renewed the Instructional Support Levy in 2005. This levy generates an additional 10% of regular program district cost. The income surtax rate for fiscal 2007 was 5%. The income surtax rate for fiscal 2008 was reduced to 3%. The income surtax rate for fiscal 2009 was increased to 5%. The Instructional Support Levy was renewed by the Board in 2008 for an additional five years.
- The fiscal 2008 budget enrollment decreased 11.8 students versus fiscal 2007.

Overview of Financial Statements

This report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The Statement of Net Assets and Statement of Activities provide information on a district-wide basis. The statements present an aggregate view of the District's finances. Government-wide statements contain useful long-term information as well as information for the just-completed fiscal year.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the Government-wide statements.

- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about the activities the District operates like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Government-wide Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively. To assess the District's overall financial health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

Fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-wide statements. The District's enterprise fund (one type of proprietary fund) is the same as its business-type activities but provides more detail and additional information, such as cash flows.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds. The District accounts for outside donations for specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

Reconciliations between the Government-wide financial statements and the fund financial statements follow the fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. Figure A-1 below provides a summary of the District's net assets at June 30, 2008 as compared to June 30, 2007.

Figure A-1 Condensed Statement of Net Assets (\$000) (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2008-2007
Current assets	\$ 7,377	\$ 6,769	\$ 62	\$ 80	\$ 7,439	\$ 6,849	8.6%
Capital assets	1,704	1,234	11	4	1,715	1,238	38.5%
Total assets	\$ 9,081	\$ 8,003	\$ 73	\$ 84	\$ 9,154	\$ 8,087	13.2%
Current liabilities	\$ 3,649	\$ 3,488	\$ -	\$ -	\$ 3,649	\$ 3,488	4.6%
Non-current liabilities	379	386	-	-	379	386	-1.8%
Total liabilities	\$ 4,028	\$ 3,874	\$ -	\$ -	\$ 4,028	\$ 3,874	4.0%
Net assets							
Invested in capital assets	\$ 1,704	\$ 1,234	\$ 11	\$ 4	\$ 1,715	\$ 1,238	38.5%
Restricted	1,882	1,321	-	-	1,882	1,321	42.4%
Unrestricted	1,467	1,574	62	80	1,529	1,654	-7.5%
Total net assets	\$ 5,053	\$ 4,129	\$ 73	\$ 84	\$ 5,126	\$ 4,213	21.7%

The District's combined net assets increased nearly 22% or \$912,234 over the prior year. This increase is primarily due to cash and pledges receivable from the Stephen D. Shannon capital campaign, the local option sales tax, and increased PPEL taxes, resulting in additional fixed assets.

Unrestricted net assets - the part of net assets that can be used to finance day to day activity without constraints such as enabling legislation or other legal requirements - decreased 8% or \$125,900. The reason for the decrease is the income surtax receivable decreased over 2007 and rising payroll and fuel costs.

Restricted net assets represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The district's restricted net assets consist primarily of fund balances in the Management, Physical Plant and Equipment Levy, and Capital Projects funds. The District's restricted net assets increased nearly 42% or \$561,353. The increases are in the Management fund and the Athletic Complex fund. The District received a substantial amount of support for the Complex in 2008, and the District's levy for the Management fund anticipates future early retirement benefits and increased insurance costs of the District.

Changes in net assets. Figure A-2 below provides a summary of the changes in net assets at June 30, 2008 as compared to June 30, 2007.

<p align="center">Figure A-2 Changes in of Net Assets (\$000) (Expressed in Thousands)</p>							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2008-2007
Revenues							
Program revenues:							
Charges for services	\$ 700	\$ 642	\$ 168	\$ 170	\$ 868	\$ 812	6.90%
Operating grants and contributions	821	778	139	134	960	912	5.26%
General revenues:							
Property taxes	2,840	2,924	-	-	2,840	2,924	-2.87%
Local option sales tax	384	391	-	-	384	391	-1.79%
Unrestricted state grants	2,500	2,415	-	-	2,500	2,415	3.52%
Other	817	401	-	-	817	401	103.74%
Total Revenues	\$ 8,062	\$ 7,551	\$ 307	\$ 304	\$ 8,369	\$ 7,855	6.51%
Expenses							
Instruction	\$ 4,608	\$ 4,500	\$ -	\$ -	\$ 4,608	\$ 4,500	2.40%
Student and instructional services	423	429	-	-	423	429	-1.39%
Administrative & business	722	671	-	-	722	671	7.60%
Maintenance & operations	426	167	-	-	426	167	155.08%
Transportation	497	414	-	-	497	414	20.05%
Other	462	674	318	295	780	969	-19.50%
Total Expenses	\$ 7,138	\$ 6,855	\$ 318	\$ 295	\$ 7,456	\$ 7,150	4.28%
Increase (decrease) in net assets	\$ 924	\$ 696	\$ (11)	\$ 9	\$ 913	\$ 705	29.50%

In fiscal 2008, property tax and state aid provide 66% of the funding required for governmental programs.

As shown in Figure A-2, the District as a whole experienced a 6.51% increase in revenue and a 4.28% increase in expenses. The increased revenue can be attributed to the capital campaign for the Athletic Complex.

The increase in expenses is mostly due to rising fuel costs and increases in payroll expenses.

Governmental Activities

Revenues for governmental activities were \$8,062,604 while total expenses were \$7,138,892. Figure A-3 below presents the cost of six major district activities and each activity's net cost. Net cost shows the total cost less fees generated by the activities and intergovernmental aid provided for specific programs. The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

The total cost of all governmental activities in 2008 was \$7,138,892. The net cost is \$1,520,993 less due to funds received for instructional services provided to students from other districts, and due to funds received from the federal and state governments for certain programs they choose to subsidize (such as Title I.) Transportation aid is also received from the State for the non-public school in our district.

Figure A-3 Net Cost of Governmental Activities (\$000) (Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-2008	2008	2007	Change 2007-2008
Instruction	\$ 4,608	\$ 4,500	2.4%	\$ 3,454	\$ 3,459	-0.1%
Student and instructional services	423	429	-1.4%	379	386	-1.8%
Administrative & business	722	671	7.6%	722	671	7.6%
Maintenance & operations	426	167	155.1%	422	163	158.9%
Transportation	497	414	20.0%	430	350	22.9%
Other	462	674	-31.5%	211	405	-47.9%
Total	\$ 7,138	\$ 6,855	4.1%	\$ 5,618	\$ 5,434	3.3%

Business-Type Activities

Revenues of the District's business-type activities (school nutrition) were comprised of charges for meals, federal and state reimbursements, and interest earnings. (See Figure A-2.)

Business-type activities expenses exceeded revenues by \$11,478. Charges for meals accounts for 55% of the total revenues, while contributions from the federal and state government for free and reduced meals and commodities accounts for the remaining 45%.

While revenues increased slightly versus fiscal 2007, expenditures increased over 7% due to increased labor and food costs. The District responded to the fiscal 2008 shortfall by increasing meal prices for fiscal 2009.

Fund Analysis of the District's Funds

Clayton Ridge Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal 2008, the governmental funds reported combined ending fund balances of \$3,485,256. Approximately 97.9% of this balance is unreserved fund balance. The remainder is reserved for various state programs.

The General fund is the chief operating fund of the District. The fund balance decreased from \$2,000,077 in fiscal 2007 to \$1,951,080 in fiscal 2008. The decrease is primarily due to timing of funding for special education expenditures.

The Management fund is used to account for health and retirement benefits for the employees of the district. The fund balance increased \$206,986 from fiscal 2007. The District has increased tax levies for the management fund to meet anticipated future early retirement liabilities.

Proprietary Funds

The Nutrition fund consists of revenues and expenditures related to the operation of the food services department. The net assets at the end of fiscal 2008 were \$72,871. This represented a \$11,478 decrease from fiscal 2007. Meal price increases in fiscal 2008 did not meet the additional costs in the food service department for 2008. Meal prices have been increased for fiscal 2009.

Budgetary Highlights

The District adopts a budget in April for the following year. A comparison of the District's budget amounts compared to actual financial activity is provided in this report in the required supplementary information.

Total revenues were under budget by \$393,283, or 4.6%. Total expenditures were \$3,727,516 under budget, which is 32%.

Revenues were less than budget primarily due to over-budgeting collections from the capital campaign.

The total expenditures were less than budget primarily due to the District's General fund, Capital Projects fund and PPEL fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General fund. The District then controls General fund spending through its line-item budget. As a result, the certified budget should always exceed actual expenditures for the year, as required by law. The District also budgets to spend the entire balance in the capital projects and PPEL funds as it does with the General funds. Spending is controlled through the line item budgets.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2008 for its governmental and business-type activities was \$1,714,798 net accumulated depreciation. This investment includes land, buildings, and equipment. This represents a net increase of 39% from the prior year. Major improvements included windows, lockers, classroom modifications in the elementary building, roof replacements, replacing the high school chairlift, new furnaces in the middle school gym, and a new school bus. More detailed information about the Districts' capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$145,570.

<p style="text-align: center;">Figure A-4 Capital Assets (net of depreciation) (\$000) (Expressed in Thousands)</p>							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2008-2007
Land	\$ 55	\$ 55	\$ -	\$ -	\$ 55	\$ 55	0.0%
Construction in progress	-	58	-	-	-	58	-100.0%
Buildings	1,209	724	-	-	1,209	724	67.0%
Improvements other than buildings	266	281	-	-	266	281	-5.3%
Equipment & furniture	174	116	11	4	185	120	54.2%
Total	\$ 1,704	\$ 1,234	\$ 11	\$ 4	\$ 1,715	\$ 1,238	38.5%

Long-Term Debt

At June 30, 2008 the District has no long-term debt outstanding.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District anticipates the trend of declining enrollment will continue.
- The certified employees' bargaining unit contract is a one-year contract, and open for negotiation next year. Salary and benefits represent a majority of the general fund expenses. Since the District receives only minimal increases in spending authority, any increase in settlements causes an adverse effect on the general fund budget and related fund balance.
- The District has approved several construction contracts for the Stephen D. Shannon Athletic Complex. See Note 12 to the basic financial statements for further details.
- The District may enter into inter-fund loans to meet the obligations for the construction contracts since the cash received from pledges and contributions may not be enough to cover the construction costs that will be in progress. It is assumed that these loans will be repaid over a three year period using proceeds from the Local Option Sales Tax fund. The capital campaign is still ongoing to continue to raise the funds to finance the construction.
- Lower interest rates will result in reduced interest income and spending authority.
- Fluctuating prices for gasohol and diesel continue to create added costs for transportation of students.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives.

If you have questions about this report or need additional financial information, contact David Schlueter, Clayton Ridge Community School District, PO Box 520, Guttenberg, Iowa, 52052.

**BASIC
FINANCIAL
STATEMENTS**

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF NET ASSETS
JUNE 30, 2008**

	Governmental Activities	Business Type Activities	Total
	-----	-----	-----
Assets			
Cash and cash equivalents	\$ 3,682,379	\$ 49,674	\$ 3,732,053
Receivables:			
Property tax:			
Delinquent	40,409	---	40,409
Succeeding year	2,986,271	---	2,986,271
Pledges, net of allowance of \$6,500	300,796	---	300,796
Income surtax	73,826	---	73,826
Accounts	12,882	1,143	14,025
Due from other governments	279,979	---	279,979
Inventories	---	11,292	11,292
Capital assets, net of accumulated depreciation	1,704,036	10,762	1,714,798
	-----	-----	-----
Total Assets	\$ 9,080,578	\$ 72,871	\$ 9,153,449
	-----	-----	-----
Liabilities			
Accounts payable	\$ 6,487	\$ ---	\$ 6,487
Salaries and benefits payable	527,838	---	527,838
Due to other governments	20,331	---	20,331
Deferred revenue - other	1,325	---	1,325
Deferred revenue - succeeding year property tax	2,986,271	---	2,986,271
Long-term liabilities:			
Portion due within one year:			
Early retirement payable	106,670	---	106,670
Portion due after one year:			
Early retirement payable	378,772	---	378,772
	-----	-----	-----
Total Liabilities	\$ 4,027,694	\$ ---	\$ 4,027,694
	-----	-----	-----

The accompanying notes are an integral part of these financial statements.

EXHIBIT "A" (CONTINUED)**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA****STATEMENT OF NET ASSETS
JUNE 30, 2008**

	Governmental Activities -----	Business Type Activities -----	Total -----
Net Assets			
Invested in capital assets	\$ 1,704,036	\$ 10,762	\$ 1,714,798
Restricted for:			
TAG	55,358	---	55,358
Mentoring	1,725	---	1,725
Professional development	2,304	---	2,304
Teacher quality market factor	8,286	---	8,286
Teacher quality professional development	4,816	---	4,816
Management levy	630,479	---	630,479
Athletic complex	709,073	---	709,073
Physical plant and equipment levy	209,929	---	209,929
Other special revenue purposes	67,109	---	67,109
Local option sales and service tax	192,794	---	192,794
Unrestricted	1,466,975	62,109	1,529,084
	-----	-----	-----
Total Net Assets	\$ 5,052,884	\$ 72,871	\$ 5,125,755
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

Net (Expense) Revenue
and Changes in Net Assets

The accompanying notes are an integral part of these financial statements.

EXHIBIT "B" (Continued)

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Operating Grants, Contributions and Restricted Interest		Capital Grants, Contributions and Restricted Interest		Governmental Activities	Business Type Activities	Total
Expenses	Charges for Service						
Other Expenditures:							
Facilities acquisition	\$ 111,682	\$ ---	\$ ---	\$ (111,682)	\$ ---	\$ (111,682)	
AEA flowthrough	251,822	251,822	---	---	---	---	---
Depreciation (unallocated)*	98,004	---	---	(98,004)	---	---	(98,004)
Total Governmental Activities	\$ 461,508	\$ 251,822	\$ ---	\$ (209,686)	\$ ---	\$ (209,686)	
Business Type Activities:	\$ 7,138,892	\$ 820,801	\$ ---	\$ (5,617,899)	\$ ---	\$ (5,617,899)	
Noninstructional Programs:							
Food service operations	\$ 318,222	\$ 167,594	\$ 137,280	\$ ---	\$ (13,348)	\$ (13,348)	
Total	\$ 7,457,114	\$ 867,786	\$ 958,081	\$ (5,617,899)	\$ (13,348)	\$ (5,631,247)	

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	-----			-----	
	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
	-----	-----	-----	-----	-----
General Revenues					
Property tax levied for:					
General purposes			\$ 2,656,928	\$ ---	\$ 2,656,928
Capital outlay			182,892	---	182,892
Local option sales and services tax			384,080	---	384,080
Instructional support surtax			87,077	---	87,077
Unrestricted state grants			2,499,921	---	2,499,921
Unrestricted investment earnings			123,465	1,870	125,335
Athletic complex contributions			476,704		476,704
Other			130,544	---	130,544
			-----	-----	-----
Total General Revenues			\$ 6,541,611	\$ 1,870	\$ 6,543,481
			-----	-----	-----
Change in Net Assets			\$ 923,712	\$ (11,478)	\$ 912,234
			-----	-----	-----
Net Assets Beginning of Year			4,129,172	84,349	4,213,521
			-----	-----	-----
Net Assets End of Year			\$ 5,052,884	\$ 72,871	\$ 5,125,755
			=====	=====	=====

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General	Management Levy	Nonmajor Governmental Funds	Total
	-----	-----	-----	-----
Assets				
Cash and cash equivalents	\$ 2,290,177	\$ 621,196	\$ 771,006	\$ 3,682,379
Receivables:				
Property tax:				
Delinquent	31,593	6,081	2,735	40,409
Succeeding year	2,318,916	425,000	242,355	2,986,271
Pledges, net of allowance of \$6,500	---	---	300,796	300,796
Income surtax	73,826	---	---	73,826
Accounts	9,680	3,202	---	12,882
Due from other governments	175,611	---	104,368	279,979
	-----	-----	-----	-----
Total Assets	\$ 4,899,803	\$ 1,055,479	\$ 1,421,260	\$ 7,376,542
	=====	=====	=====	=====
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 6,487	\$ ---	\$ ---	\$ 6,487
Salaries and benefits payable	527,838	---	---	527,838
Due to other governments	20,331	---	---	20,331
Deferred revenue:				
Succeeding year property tax	2,318,916	425,000	242,355	2,986,271
Income surtax	73,826	---	---	73,826
Pledges receivable	---	---	275,208	275,208
Other	1,325	---	---	1,325
	-----	-----	-----	-----
Total Liabilities	\$ 2,948,723	\$ 425,000	\$ 517,563	\$ 3,891,286
	-----	-----	-----	-----
Fund Balances:				
Reserved:				
TAG	\$ 55,358	\$ ---	\$ ---	\$ 55,358
Mentoring	1,725	---	---	1,725
Professional development	2,304	---	---	2,304
Teacher quality market factor	8,286	---	---	8,286
Teacher quality professional development	4,816	---	---	4,816
Unreserved:				
Undesignated	1,878,591	630,479	903,697	3,412,767
	-----	-----	-----	-----
Total Fund Balances	\$ 1,951,080	\$ 630,479	\$ 903,697	\$ 3,485,256
	-----	-----	-----	-----
Total Liabilities and Fund Balances	\$ 4,899,803	\$ 1,055,479	\$ 1,421,260	\$ 7,376,542
	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

Total fund balances of governmental funds (page 18)	\$ 3,485,256
--	---------------------

*Amounts reported for governmental activities in the
Statement of Net Assets are different because:*

Capital assets of \$4,956,802, net of accumulated depreciation of (\$3,252,766) are not financial resources and, therefore, are not reported in the funds.	1,704,036
--	-----------

Long-term liabilities are not due and payable in the current period and are not reported in the funds.	(485,442)
--	-----------

Income surtaxes will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	73,826
---	--------

Certain pledges receivable are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	275,208
---	---------

Net assets of governmental activities (page 14)	\$ 5,052,884 <hr style="border: none; border-top: 1px solid black; margin: 2px 0;"/> <hr style="border: none; border-top: 3px double black; margin: 2px 0;"/>
--	---

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

	General	Management Levy	Nonmajor Governmental Funds	Total
	-----	-----	-----	-----
Revenues:				
Local sources:				
Local tax	\$ 2,348,723	\$ 426,312	\$ 580,528	\$ 3,355,563
Tuition	256,131	---	---	256,131
Other	264,208	55,647	524,598	844,453
State sources	3,171,302	350	165	3,171,817
Federal sources	190,803	---	---	190,803
	-----	-----	-----	-----
Total Revenues	\$ 6,231,167	\$ 482,309	\$ 1,105,291	\$ 7,818,767
	-----	-----	-----	-----
Expenditures:				
Current:				
Instruction:				
Regular	\$ 2,503,465	\$ 158,747	\$ ---	\$ 2,662,212
Special	1,086,130	---	---	1,086,130
Other	549,215	---	312,439	861,654
	-----	-----	-----	-----
	\$ 4,138,810	\$ 158,747	\$ 312,439	\$ 4,609,996
	-----	-----	-----	-----
Support Services:				
Student	\$ 178,166	\$ 11,933	\$ ---	\$ 190,099
Instructional staff	229,689	1,024	16,520	247,233
Administration	697,035	49,943	---	746,978
Operation and maintenance of plant	393,505	30,444	---	423,949
Transportation	394,108	19,749	110,964	524,821
	-----	-----	-----	-----
	\$ 1,892,503	\$ 113,093	\$ 127,484	\$ 2,133,080
	-----	-----	-----	-----
Non-instructional Programs	\$ ---	\$ 3,483	\$ ---	\$ 3,483
	-----	-----	-----	-----

The accompanying notes are an integral part of these financial statements.

EXHIBIT "E" (Continued)

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

	General	Management Levy	Nonmajor Governmental Funds	Total
	-----	-----	-----	-----
Other Expenditures:				
Facilities acquisition	\$ ---	\$ ---	\$ 661,963	\$ 661,963
AEA flowthrough	251,822	---	---	251,822
	-----	-----	-----	-----
	\$ 251,822	\$ ---	\$ 661,963	\$ 913,785
	-----	-----	-----	-----
Total Expenditures	\$ 6,283,135	\$ 275,323	\$ 1,101,886	\$ 7,660,344
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (51,968)	\$ 206,986	\$ 3,405	\$ 158,423
	-----	-----	-----	-----
Other Financing Sources (Uses):				
Operating transfers in	\$ ---	\$ ---	\$ 262,581	\$ 262,581
Operating transfers out	(12,581)	---	(250,000)	(262,581)
Sale of equipment and materials	15,552	---	---	15,552
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ 2,971	\$ ---	\$ 12,581	\$ 15,552
	-----	-----	-----	-----
Net Change in Fund Balances	\$ (48,997)	\$ 206,986	\$ 15,986	\$ 173,975
	-----	-----	-----	-----
Fund Balances Beginning of Year	2,000,077	423,493	887,711	3,311,281
	-----	-----	-----	-----
Fund Balances End of Year	\$ 1,951,080	\$ 630,479	\$ 903,697	\$ 3,485,256
	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008**

Net change in fund balances - total governmental funds (page 21) **\$ 173,975**

*Amounts reported for governmental activities in the Statement
of Activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$611,475 exceeded depreciation of \$141,577 in the current period. 469,898

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes the net increase in the early retirement payable. 51,550

Because income surtaxes will not be collected for several months after the district's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year. (46,919)

Certain pledges receivable will not be collected within 60 days after the end of the fiscal year. These pledges are not considered available revenues and are deferred in the funds. 275,208

Change in net assets of governmental activities (page 17) **\$ 923,712**

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008**

	School Nutrition -----
Assets	
Cash and cash equivalents	\$ 49,674
Accounts receivable	1,143
Inventories	11,292
Capital assets, net of accumulated depreciation	10,762

Total Assets	\$ 72,871 =====
Liabilities	
None	
Net Assets	
Invested in capital assets	\$ 10,762
Unrestricted	62,109

Total Net Assets	\$ 72,871 =====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008**

	School Nutrition -----
Operating Revenue:	
Local sources:	
Charges for services	\$ 167,594 -----
Operating Expenses:	
Non-instructional programs:	
Food service operations:	
Salaries and benefits	\$ 153,541
Purchased services	2,495
Supplies	158,164
Miscellaneous	29
Depreciation	3,993 -----
Total Operating Expenses	\$ 318,222 -----
Operating Loss	\$ (150,628) -----
Non-operating Revenue:	
State sources	\$ 3,749
Federal sources	133,531
Interest income	1,870 -----
Total Non-Operating Revenues	\$ 139,150 -----
Net Income (Loss)	\$ (11,478) -----
Net Assets Beginning of Year	84,349 -----
Net Assets End of Year	\$ 72,871 =====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008**

	School Nutrition -----
Cash Flows From Operating Activities:	
Cash received from sale of lunches and breakfasts	\$ 166,451
Cash paid to employees for services	(153,541)
Cash paid to suppliers for goods and services	(139,663)

Net Cash Used by Operating Activities	\$ (126,753)

Cash Flows From Noncapital Financing Activities:	
State grants received	\$ 3,749
Federal grants received	111,362

Net Cash Provided by Noncapital Financing Activities	\$ 115,111

Cash Flows From Capital and Related Financing Activities:	
Purchases of equipment	\$ (10,876)

Cash Flows From Investing Activities:	
Interest on investments	\$ 1,870

Net Decrease in Cash and Cash Equivalents	\$ (20,648)

Cash and Cash Equivalents Beginning of Year	70,322

Cash and Cash Equivalents End of Year	\$ 49,674
	=====
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (150,628)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities used	22,169
Depreciation	3,993
Increase in accounts receivable	(1,143)
Increase in inventories	(1,144)

Net Cash Used by Operating Activities	\$ (126,753)
	=====

Non-Cash Investing, Capital and Financing Activities:

During the year ended June 30, 2008, the District received \$22,169 of federal commodities.

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2008**

	Private Purpose Trust	
	Scholarship	Agency
	-----	-----
Assets		
Cash and deposits	\$ 38,480	\$ 2,551
	-----	-----
Liabilities		
Due to other governments	\$ ---	\$ 2,551
	-----	-----
Net Assets		
Reserved for scholarships	\$ 38,480	\$ ---
	=====	=====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2008**

	Private Purpose Trust
	----- Scholarship -----
Additions:	
Local sources:	
Gifts and contributions	\$ 11,906
Interest income	778

Total Additions	\$ 12,684

Deductions:	
Support services:	
Scholarships awarded	10,649

Change in Net Assets	\$ 2,035
Net Assets Beginning of Year	36,445

Net Assets End of Year	\$ 38,480
	=====

The accompanying notes are an integral part of these financial statements.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 1 - Summary of Significant Accounting Policies:

The Clayton Ridge Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Clayton Ridge Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Clayton Ridge Community School District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Clayton County Assessor's Conference Board.

B. Basis of Presentation

Government-Wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three activities:

Invested in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

The District reports the following major governmental funds:

The General fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Management Levy (Special Revenue) is used to account for health and retirement benefits for the employees of the district and general insurance costs of the District.

The District reports the following major proprietary fund:

The School Nutrition fund is used to account for the food service operations of the District.

The District also reports fiduciary funds that focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private-Purpose Trust fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments), pledges receivable, and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Cash Equivalents - The cash balances of most District funds are pooled and invested in money market accounts and certificates of deposit.

For purposes of the statements of cash flows, all short-term cash deposits that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than 365 days.

Property Tax Receivable - Property tax in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with 1-1/2% per month penalty for delinquent payments; is based on January 1, 2006, assessed property valuations, is for the tax accrual period July 1, 2007, through June 30, 2008, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2007.

Pledges Receivable - The District uses the allowance method to determine uncollectible unconditional pledges receivable for the Athletic Complex. The allowance is based on management's analysis of specific promises made. Management estimates that there are \$6,500 of uncollectible pledges at June 30, 2008.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventory items are valued at cost using the first-in, first-out method for purchased items and contributed value for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Land	All
Buildings	1,500
Improvements other than buildings	1,500
Furniture and equipment:	
School Nutrition Fund equipment	1,500
Other furniture and equipment	1,500

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment:	5 years

Compensated Absences - School District employees accumulate sick leave and vacation for subsequent use. These accumulations are not recognized as expenditures by the District until used. The District's policy prohibits payoff of accumulated benefits at termination of employment. Consequently, no liability at June 30, 2008 has been accrued.

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, income surtax, delinquent property tax receivable, pledges receivable, and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. The District did not exceed the General Fund unspent authorized budget.

Note 2 - Cash and Cash Equivalents:

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 3 - Capital Assets:

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 55,335	\$ ---	\$ ---	\$ 55,335
Construction in progress	57,920	---	(57,920)	---
	-----	-----	-----	-----
Total capital assets not being depreciated	\$ 113,255	\$ ---	\$ (57,920)	\$ 55,335
	-----	-----	-----	-----
Capital assets being depreciated:				
Buildings	\$ 2,613,449	\$ 555,410	\$ (7,200)	\$ 3,161,659
Improvements other than buildings	607,414	4,651	(6,400)	605,665
Furniture and equipment	1,174,423	109,334	(149,614)	1,134,143
	-----	-----	-----	-----
Total capital assets being depreciated	\$ 4,395,286	\$ 669,395	\$ (163,214)	\$ 4,901,467
	-----	-----	-----	-----
Less accumulated depreciation for:				
Buildings	\$ 1,889,867	\$ 70,202	\$ (7,200)	\$ 1,952,869
Improvements other than buildings	326,220	19,650	(6,400)	339,470
Furniture	1,058,316	51,725	(149,614)	960,427
	-----	-----	-----	-----
Total accumulated depreciation	\$ 3,274,403	\$ 141,577	\$ (163,214)	\$ 3,252,766
	-----	-----	-----	-----
Total capital assets being depreciated, net	\$ 1,120,883	\$ 527,818	\$ ---	\$ 1,648,701
	-----	-----	-----	-----
Total Governmental activities capital assets, net	\$ 1,234,138	\$ 527,818	\$ (57,920)	\$ 1,704,036
	=====	=====	=====	=====
Business-type activities:				
Furniture and equipment	\$ 113,646	\$ 10,876	\$ ---	\$ 124,522
Less accumulated depreciation	109,767	3,993	---	113,760
	-----	-----	-----	-----
Business-type activities capital assets, net	\$ 3,879	\$ 6,883	\$ ---	\$ 10,762
	=====	=====	=====	=====

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 3 - Capital Assets: (Continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular instruction	\$ 9,048
---------------------	----------

Support services:

Instructional staff support services	3,354
--------------------------------------	-------

Operation and maintenance of plant services	2,167
---	-------

Transportation services	29,004
-------------------------	--------

Unallocated	98,004
-------------	--------

Total depreciation expense - governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 141,577</div>
--	---

Business type activities:

Food services	<div style="border-bottom: 3px double black;">\$ 3,993</div>
---------------	--

Note 4 - Long-Term Liabilities:

Changes in long-term liabilities for the year ended June 30, 2008, are summarized as follows:

	Early Retirement
Balance Beginning of Year	\$ 536,992
Additions	95,037
Reductions	(146,587)
Balance End of Year	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 485,442</div>

Early Retirement:

The District offers a voluntary early retirement plan to its certified and non-certified employees. The employee is eligible to participate in the early retirement program if the following conditions are met at June 30, 2008.

- 1) The employee has reached a minimum age of 55.
- 2) The employee has completed at least 15 years (10 years for management) of full service to the Clayton Ridge Community School District and/or the Garnavillo Community School District and/or the Guttenberg Community School District.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 4 - Long-Term Liabilities: (Continued)

The eligible employee must submit an application of early retirement to the Board of Education. The Board has sole discretion over the approval of early retirement and may not approve more than six applications for teachers for the fiscal year ended June 30, 2008.

Early retirement benefits are equal to a one time payment of approximately 15% of the employee's contracted salary in effect during the last year of employment. The employee shall also be eligible for an additional payment based on a percentage of unused sick leave at June 30, 2008. The District will continue to pay the employee's health insurance premium on a monthly basis for up to \$325 a month for teachers and administrators for a maximum period of ten years.

Early retirement benefits paid during the year ended June 30, 2008 totaled \$146,587.

Note 5 - Pension and Retirement Benefits:

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2008. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$237,883, \$218,966, and \$197,887 respectively, equal to the required contributions for each year.

Note 6 - Related Party Transactions:

The District had business transactions between the District and immediate family members of board members for supplies and maintenance totaling \$1,437.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 7 - Risk Management:

Clayton Ridge Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance for the past three fiscal years.

Note 8 - Area Education Agency:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$251,822 for the year ended June 30, 2008, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 9 - Operating Lease Commitment:

The District has entered into noncancellable operating leases for eight school buses.

Future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2008, are as follows:

Year Ending June 30	

2009	\$ 88,001
2010	88,001
2011	54,472
2012	94,943

Total	\$ 325,417
	=====

Note 10 - Construction Commitments:

At June 30, 2008, the District had entered into various contracts totaling \$413,696 for remodeling projects and other capital assets. As of June 30, 2008, the district had not incurred any costs against these contracts.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Note 11 - Fund Transfers:

The detail of interfund transfers for the year ended June 30, 2008 are as follows:

Transfer to -----	Transfer from -----	Amount -----
Special Revenue: Student Activity	General	\$ 12,581
Capital Projects: Athletic Complex	Capital Projects: Local Option Sales Tax	250,000

The transfer from the Local Option Sales Tax to Athletic Complex was to satisfy a resolution passed by the Board of Education to transfer funds based on matching requirements of pledges received.

The transfer from the General fund to the Student Activity fund was to cover certain student activity deficit balances.

Note 12 - Subsequent Event:

The District entered into construction commitments subsequent to June 30, 2008 in the amount of \$1,200,105 for construction of the Stephen D. Shannon Athletic Complex.

Note 13 - 28E Agreement:

On March 12, 2008, the District entered into a 28E Agreement with Northeast Iowa Community College. The agreement is for the purpose of jointly administering an alternative high school.

Note 14 - Pledges Receivable - Athletic Complex:

The District had gross pledges receivable of \$307,296 at June 30, 2008.

Receivable in less than one year	\$ 125,859
Receivable in one to five years	181,437

Total Pledges Receivable	\$ 307,296
	=====

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues:						
Local sources	\$ 4,456,147	\$ 169,464	\$ 4,625,611	\$ 5,095,598	\$ 5,095,598	\$ (469,987)
State sources	3,171,817	3,749	3,175,566	3,111,196	3,111,196	64,370
Federal sources	190,803	133,531	324,334	312,000	312,000	12,334
Total Revenues	\$ 7,818,767	\$ 306,744	\$ 8,125,511	\$ 8,518,794	\$ 8,518,794	\$ (393,283)
Expenditures:						
Instruction	\$ 4,609,996	\$ ---	\$ 4,609,996	\$ 6,687,112	\$ 6,687,112	\$ 2,077,116
Support services	2,133,080	---	2,133,080	2,255,000	2,255,000	121,920
Non-instructional programs	3,483	318,222	321,705	375,166	375,166	53,461
Other	913,785	---	913,785	2,388,800	2,388,800	1,475,015
Total Expenditures	\$ 7,660,344	\$ 318,222	\$ 7,978,566	\$ 11,706,078	\$ 11,706,078	\$ 3,727,512
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 158,423	\$ (11,478)	\$ 146,945	\$ (3,187,284)	\$ (3,187,284)	\$ 3,334,229
Other Financing Sources, net	15,552	---	15,552	---	---	15,552
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 173,975	\$ (11,478)	\$ 162,497	\$ (3,187,284)	\$ (3,187,284)	\$ 3,349,781
Balances Beginning of Year	3,311,281	84,349	3,395,630	3,187,284	3,187,284	208,346
Balances End of Year	\$ 3,485,256	\$ 72,871	\$ 3,558,127	\$ ---	\$ ---	\$ 3,558,127

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008**

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, noninstructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

The District did not exceed its General Fund unspent authorized budget.

**OTHER
SUPPLEMENTARY
INFORMATION**

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Student Activity	Physical Plant and Equipment Levy	Local Option Sales Tax	Athletic Complex	
Assets					
Cash and cash equivalents	\$ 67,109	\$ 207,194	\$ 88,426	\$ 408,277	\$ 771,006
Receivables:					
Property tax:					
Delinquent	---	2,735	---	---	2,735
Succeeding year	---	242,355	---	---	242,355
Pledges, net of allowance of \$6,500	---	---	---	300,796	300,796
Due from other governments	---	---	104,368	---	104,368
Total Assets	<u>\$ 67,109</u>	<u>\$ 452,284</u>	<u>\$ 192,794</u>	<u>\$ 709,073</u>	<u>\$ 1,421,260</u>
Liabilities and Fund Balances					
Deferred revenue:					
Succeeding year property tax	\$ ---	\$ 242,355	\$ ---	\$ ---	\$ 242,355
Pledges receivable	---	---	---	275,208	275,208
Total Liabilities	<u>\$ ---</u>	<u>\$ 242,355</u>	<u>\$ ---</u>	<u>\$ 275,208</u>	<u>\$ 517,563</u>
Unreserved Fund Balances	<u>\$ 67,109</u>	<u>\$ 209,929</u>	<u>\$ 192,794</u>	<u>\$ 433,865</u>	<u>\$ 903,697</u>
Total Liabilities and Equity	<u>\$ 67,109</u>	<u>\$ 452,284</u>	<u>\$ 192,794</u>	<u>\$ 709,073</u>	<u>\$ 1,421,260</u>

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Student Activity	Physical Plant and Equipment Levy	Local Option Sales Tax	Athletic Complex	
Revenues:					
Local Sources:					
Local tax	\$ ---	\$ 196,448	\$ 384,080	\$ ---	\$ 580,528
Other	309,207	4,606	7,785	203,000	524,598
State sources	---	165	---	---	165
Total Revenues	\$ 309,207	\$ 201,219	\$ 391,865	\$ 203,000	\$ 1,105,291
Expenditures:					
Current:					
Instruction:					
Other	\$ 312,439	\$ ---	\$ ---	\$ ---	\$ 312,439
Support Services:					
Instructional staff	---	16,520	---	---	16,520
Transportation	---	110,964	---	---	110,964
Other Expenditures:					
Facilities acquisition	---	39,296	555,424	67,243	661,963
Total Expenditures	\$ 312,439	\$ 166,780	\$ 555,424	\$ 67,243	\$ 1,101,886
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (3,232)	\$ 34,439	\$ (163,559)	\$ 135,757	\$ 3,405
Other Financing Sources (Uses):					
Operating transfers in	\$ 12,581	\$ ---	\$ ---	\$ 250,000	\$ 262,581
Operating transfers out	---	---	(250,000)	---	(250,000)
Total Other Financing Sources (Uses)	\$ 12,581	\$ ---	\$ (250,000)	\$ 250,000	\$ 12,581
Increase (Decrease) in Total Fund Balances	\$ 9,349	\$ 34,439	\$ (413,559)	\$ 385,757	\$ 15,986
Fund Balances Beginning of Year	57,760	175,490	606,353	48,108	887,711
Fund Balances End of Year	\$ 67,109	\$ 209,929	\$ 192,794	\$ 433,865	\$ 903,697

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND,
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2008**

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
"A" Team	\$ 237	\$ 2,224	\$ 2,394	\$ 67
Adult Pop	1,825	4,781	3,570	3,036
Athletics	(5,654)	42,221	36,567	---
Baseball	(2,215)	64	270	(2,421)
Boys Basketball	191	3,572	3,649	114
Cheerleading	166	629	795	---
Class of 2009	5,637	11,886	7,346	10,177
Class of 2010	3,033	16,616	9,791	9,858
Class of 2011	1,703	639	1,945	397
Class of 2012	15,888	44,352	58,960	1,280
Cross Country	(20)	20	---	---
Drama	4,310	2,344	3,712	2,942
Drill Team	3,129	18,012	17,586	3,555
Elementary Assemblies	4,715	3,761	5,118	3,358
FCCLA	803	808	717	894
FFA Environment Grant	2,129	---	2,129	---
FFA Memorial	5,375	3,234	1,329	7,280
FFA Project	554	813	700	667
FFA Trip	(1,250)	17,436	17,875	(1,689)
Fine Arts	547	325	128	744
Football	1,728	5,112	6,348	492
Girls Basketball	653	920	1,019	554
High School Assemblies	3,586	3,304	4,405	2,485
High School National Honor Society	524	2,637	2,376	785
Junior High Student Council	2,423	25,420	19,120	8,723
Merit Trip	537	---	537	---
Middle School Drama	1,229	1,713	---	2,942
Middle School Library Reading	1,324	1,868	2,628	564
Middle School Assemblies	2,001	223	500	1,724
Music Trips	---	11,055	7,204	3,851
Parent Advisory Committee	172	2,192	1,909	455
Philanthropist Club	225	1,734	197	1,762
Random Acts of Kindness	39	241	280	---
Reading Month	1,972	822	---	2,794
Softball	---	682	682	---
Spanish Club	272	1,903	1,805	370
Student Senate	362	23,549	23,911	---

See accompanying independent auditor's report.

SCHEDULE "3" (Continued)**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA****SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND,
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2008**

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Tri-Star FFA	(3,070)	43,485	42,280	(1,865)
Volleyball	3,566	9,314	8,125	4,755
Wrestling	727	747	1,320	154
Yearbook	(1,613)	11,130	13,212	(3,695)
Total	\$ 57,760	\$ 321,788	\$ 312,439	\$ 67,109

See accompanying independent auditor's report.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUND
YEAR ENDED JUNE 30, 2008**

	Balance Beginning of Year		Additions		Deductions		Balance End of Year
	-----		-----		-----		-----
Assets:							
Cash and deposits	\$ 2,604	\$	97	\$	150	\$	2,551
	<u>2,604</u>		<u>97</u>		<u>150</u>		<u>2,551</u>
Liabilities:							
Payable to others	\$ 2,604	\$	97	\$	150	\$	2,551
	<u>2,604</u>		<u>97</u>		<u>150</u>		<u>2,551</u>

See accompanying independent auditor's report.

SCHEDULE "5"

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS**

	Modified Accrual Basis		
	2008	2007	2006
Revenues:			
Local Sources:			
Local tax	\$ 3,355,563	\$ 3,387,397	\$ 3,346,260
Tuition	256,131	198,191	236,340
Other	844,453	681,536	542,231
State Sources	3,171,817	2,994,560	2,975,595
Federal Sources	190,803	242,006	287,147
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total	\$ 7,818,767	\$ 7,503,690	\$ 7,387,573
	<u>=====</u>	<u>=====</u>	<u>=====</u>
Expenditures:			
Instruction:			
Regular	\$ 2,662,212	\$ 2,569,187	\$ 2,684,680
Special	1,086,130	940,752	963,683
Other	861,654	934,943	826,543
Support Services:			
Student	190,099	189,724	176,484
Instructional staff	247,233	238,527	288,959
Administration	746,978	639,215	615,579
Operation and maintenance of plant	423,949	458,916	418,972
Transportation	524,821	433,775	467,061
Non-Instruction Programs	3,483	1,439	1,893
Other Expenditures:			
Facilities acquisition	661,963	400,478	151,715
AEA flowthrough	251,822	244,114	236,183
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total	\$ 7,660,344	\$ 7,051,070	\$ 6,831,752
	<u>=====</u>	<u>=====</u>	<u>=====</u>

See accompanying independent auditor's report.

O'CONNOR, BROOKS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

G.L. HARDIN, CPA
W.H. LEGLAR, CPA
S.J. DOMEYER, CPA
M.A. KUEPERS, CPA
J.W. HANNAN, CPA
M.P. RUGGEBERG, CPA
P.C. MCCARTHY, CPA
E.A. SCHILLING, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education of the
Clayton Ridge Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Clayton Ridge Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 16, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In addition, our report includes a disclaimer of opinion on the required supplementary information.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

1415 LOCUST STREET
P.O. BOX 743
DUBUQUE, IOWA 52004-0743
PHONE: (563) 582-7224
FAX (563) 582-6118

MEMBERS OF:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
IOWA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

e-mail: occonnorbrooks.com

901 SPRING STREET
P.O. BOX 294
GALENA, ILLINOIS 61036
(815) 777-1880
FAX (815) 777-3092

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described at item I-A-08 is also a material weakness. This item was noted in the prior year audit.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit the District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Clayton Ridge Community School District and other parties to whom Clayton Ridge Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Clayton Ridge Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

O'CONNOR, BROOKS & CO., P.C.

O'Connor Brooks, & Co. P.C.

Dubuque, Iowa
February 16, 2009

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008**

Part I: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

MATERIAL WEAKNESS:

I-A-08 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling incompatible duties. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

One procedure that the board secretary could perform would be to account for the numerical sequence of checks. She could document all checks received from the business manager for board approval, and inquire when any checks appear out of sequence.

Response - We will consider this.

Conclusion - Response acknowledged.

Part II: Other Findings Related to Statutory Reporting:

II-A-08 Certified Budget - Expenditures for the year ended June 30, 2008 did not exceed the certified budget in any expenditure functions. The District did not exceed its General fund unspent authorized budget.

II-B-08 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008**

Part II: Other Findings Related to Statutory Reporting: (Continued)

II-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-D-08 Business Transactions - Business transactions between the District and District officials or employees were detailed as follows:

Name, Title, Business Connection -----	Description -----	Amount -----
Jeff Freidlein, Son of board member	Maintenance	\$ 450
Ihdes Phillips 66, Spouse of board member	Maintenance	413
Dick Zittergruen, Spouse of board member	Maintenance	574

The transactions do not appear to represent a conflict of interest in accordance with Chapter 279.7A of the Code of Iowa since the cumulative transaction total for each official did not exceed \$2,500.

II-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-08 Board Minutes - We did not note any transaction requiring board approval which had not been approved by the board.

II-G-08 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

II-H-08 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

**CLAYTON RIDGE COMMUNITY SCHOOL DISTRICT
GUTTENBERG, IOWA**

**SCHEDULE OF FINDINGS
JUNE 30, 2008**

Part II: Other Findings Related to Statutory Reporting: (Continued)

II-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, however, we noted that the ending fund balance reported on the Certified Annual Report and the financial statements differ in the Capital Projects fund by \$275,200 due to deferred revenue not recorded for pledges receivable not collected sixty days after the end of fiscal 2008.

Recommendation - The District should accurately report their ending fund balances on the Certified Annual Report.

Response - We will correct this balance on the 2009 Certified Annual Report.

Conclusion - Response accepted.

II-J-08 Deficit Balances - The Student Activity fund had four accounts with deficit balances at June 30, 2008.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.

Response - We will continue to monitor these accounts.

Conclusion - Response accepted.